

7. The situation in Sudan continues to present an extraordinary and unusual threat to the national security and foreign policy of the United States. The declaration of the national emergency with respect to Sudan contained in Executive Order 13067 underscores the United States Government opposition to the actions and policies of the Government of Sudan, particularly its support of international terrorism and its failure to respect basic human rights, including freedom of religion. The prohibitions contained in Executive Order 13067 advance important objectives in promoting the antiterrorism and human rights policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

WILLIAM J. CLINTON.
THE WHITE HOUSE, May 5, 1998.

REPORT ON PEMIGEWASSET
RIVER IN NEW HAMPSHIRE—
MESSAGE FROM THE PRESIDENT
OF THE UNITED STATES

The Speaker pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Resources:

To the Congress of the United States:

I take pleasure in transmitting the enclosed report for the Pemigewasset River in New Hampshire. The report and my recommendations are in response to the provisions of the Wild and Scenic Rivers Act, Public Law 90-542, as amended. The Pemigewasset River study was authorized by Public Law 101-357.

The study was conducted by the National Park Service with assistance from a local study committee. The National Park Service determined that the 32.5-mile study segment is eligible for designation based upon its free-flowing character and outstanding scenic, recreational, geologic, fishery, and botanic values. However, in deference to the wishes of local adjoining communities, six of seven of whom voted against designation, and the State of New Hampshire, I am recommending that the Congress not consider designation at this time. If the local communities and/or the State should change their position in the future, the question of designation could be reevaluated.

WILLIAM J. CLINTON.
THE WHITE HOUSE, May 5, 1998.

ANNUAL REPORT ON THE STATE
OF SMALL BUSINESS—MESSAGE
FROM THE PRESIDENT OF THE
UNITED STATES

The Speaker pro tempore laid before the House the following message from the President of the United States;

which was read and, together with the accompanying papers, without objection, referred to the Committee on Small Business:

To the Congress of the United States:

I am pleased to present my fourth annual report on the state of small business. In short, the small business community continues to perform exceptionally well. For the fourth year in a row, new business formation reached a record high: 842,357 new firms were formed in 1996.

The entrepreneurial spirit continues to burn brightly as the creativity and sheer productivity of America's small businesses make our Nation's business community the envy of the world. My Administration has worked hard to keep that spirit strong by implementing policies and programs designed to help small businesses develop and expand. We have focused our economic strategy on three pillars: reducing the deficit, opening up markets overseas, and investing in our people through education and technology. Our efforts with respect to small business have been concentrated in a number of specific areas, including directing tax relief to more small businesses, expanding access to capital, supporting innovation, providing regulatory relief, opening overseas markets to entrepreneurs, and strengthening America's work force.

A BALANCED BUDGET AND TAXPAYER RELIEF

When I took office, the Federal budget deficit was a record \$290 billion. I determined that one of the best things we could do for the American people, including small business, would be to balance the budget. Because of our hard choices, the deficit has been reduced for 5 years in a row. By October 1997, the deficit had fallen to just \$22.6 billion—a reduction of \$267 billion or 90 percent. These lower deficits have helped to reduce the interest rates, an important matter for all small businesses.

Small business owners have long recognized the importance of this issue. At each of the White House Conferences on Small Businesses—in 1980, 1986, and 1995—small businesses included on their agenda a recommendation to balance the Federal budget. With passage of the Balanced Budget Act of 1997, I signed into law the first balanced budget in a generation. The new budget will spur growth and spread opportunity by providing the biggest investment in higher education since the GI bill more than 50 years ago. Even after we pay for tax cuts, line by line and dime by dime, there will still be \$900 billion in savings over the next 10 years.

And at the same time we are easing the tax burden on small firms. My Administration and the Congress took the White House Conference tax recommendations seriously during deliberations that led to the Taxpayer Relief Act of 1997. The new law will direct billions of dollars in tax relief to small

firms over the next 10 years. Small businesses will see a decrease in the estate tax, an increase to 100 percent over the next 10 years in the percentage of health insurance payments a self-employed person can deduct, an updated definition of "home office" for tax purposes, and a reduction in paperwork associated with the alternative minimum tax.

Significant new capital gains provisions in the law should provide new infusions of capital to new small businesses. By reducing the capital gains tax rate and giving small business investors new options, the law encourages economic growth through investment in small businesses.

ACCESS TO CAPITAL

For so many small business owners, gaining access to capital continues to be a very difficult challenge. The U.S. Small Business Administration (SBA) plays a key role as a catalyst in our efforts to expand this access. The SBA made or guaranteed more than \$13 billion in loans in 1997. Since the end of fiscal year 1992, the SBA has backed more than \$48 billion in loans to small businesses, more than in the previous 12 years combined. In 1997, the SBA approved 45,288 loan guarantees amounting to \$9.46 billion in the 7(a) guaranty program, a 23 percent increase from 1996, and 4,131 loans worth \$1.44 billion under the Certified Development Company (CDC) loan program.

Included in the 1997 loan totals were a record \$2.6 billion in 7(a) and CDC loans to more than 10,600 minority-owned businesses and another record \$1.7 billion in roughly 10,800 loans to women-owned businesses. Over the last 4 years, the number of SBA loans to women small business owners has more than tripled, and loans to minority borrowers have also nearly tripled.

The Small Business Investment Company (SBIC) program, the SBA's premier vehicle for providing venture capital to small, growing companies, produced a record amount of equity and debt capital investments during the year. The program's licensed SBICs made 2,731 investments worth \$2.37 billion. In 1997, 33 new SBICs with combined private capital of \$471 million were licensed. Since 1994, when the program was revamped, 111 new SBICs with \$1.57 billion in private capital have entered the program.

And in the past year, the SBA's Office of Advocacy developed a promising new tool to direct capital to dynamic, growing small businesses—the Angel Capital Electronic Network, or ACE-Net. This effort has involved refining Federal and State small business securities requirements and using state-of-the-art Internet technology to develop a brand new nationwide market for small business equity.